INFORMATION LETTER

Not for Publication — NATIONAL CANNERS ASSOCIATION — For Members Only

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Second Progress Report on Reservations for Convention

Continuing its policy of giving as much advance information as possible about the coming Convention, the N.C.A. this week mailed to its members a 16-page list of canned food broker and buyer firms for whom hotel reservations have been confirmed.

The lists furnish the hotel locations in each instance, so as to assist canners with their pre-convention planning of appointments and contacts.

Previously N.C.A. had furnished buyers with lists of canners in the Traymore and Shelburne, the first two canner hotels to be filled. Since that time the Dennis has been fully booked with canners, brokers and buyers; the Claridge with machinery and supplymen; the Haddon Hall to about 95 percent of its capacity; and the Ritz-Carlton to about 60 percent of capacity.

Because of the availability of other hotels this year, many canners who formerly used canner hotels exclusively have spread out into other locations. Reservations for canners, brokers and buyers have been made in the following locations:

Ambassador, Breakers, Chalfonte, Chelsea, Colton Manor, Crillon, Eastbourne, Jefferson, Lafayette, Marlborough-Blenheim, Mayflower, Madison, Morton, President, Seaside, Senator, and the John's, Lombardy, Monte Carlo Beach and Saxony motels.

Minimum Wage in Puerto Rico

The minimum wage in the canning industry in Puerto Rico will be raised from 55 to 65 cents an hour, effective December 14, under the terms of a wage order issued by the Wage and Hour Administrator and published in the *Federal Register* of November 28.

Domestic Sugar Quotas

USDA's estimate of domestic sugar requirements for 1957 was reduced again December 3. The revised quota amounts to 8,975,000 short tons, a reduction of 75,000 tons from the figure established in October.

FDA Begins Publication of Informal Policy Statements

The Food and Drug Administration has instituted a new advisory information service on the Federal Food, Drug, and Cosmetic Act and related laws.

The new service will provide informal statements of general policy selected principally from letters written by FDA officials in response to inquiries from the food, drug, and cosmetic industries.

The first of these "informal statements of general policy or interpretation" was published in the *Federal Register* of November 30. Statements relative to foods are reproduced in this issue of the INFORMATION LETTER on page 353.

FDA said the new service will serve somewhat the same purpose as the former "T.C." (Trade Correspondence) information series which was discontinued in early 1946. This service served as a guide to uniform interpretation of the law by the FDA staff after passage of the Food and Drug Act of 1938, and was later made available to others interested. When the Administrative Procedure Act of 1946 went into effect, the opinions of the FDA staff were formalized and published in the *Federal Register* as "statements of general policy or interpretation," and publication of informal comments was discontinued.

FDA said it has recognized that the formal statements of policy did not entirely take the place of the "T.C.'s." The informal series now provided is expected to fill a need for technical information expressed by reporters, attorneys, trade associations, and members of regulated industries.

The new informal series also complies with a recommendation in the 1955 report of the Citizens Advisory Committee on the Food and Drug Administration that a service similar to the "T.C.'s" be restored, FDA said.

N.C.A. President Emphasizes Need for Good Management

Cost controls and carefully managed sales and financing programs were the principal recommendations made by N.C.A. President A. Edward Brown in an address at the annual convention of the Tri-State Packers Association this week.

And at the annual convention of the New York State Canners and Freezers Association, Mr. Brown advised that canners should engage in research on new and improved products and container sizes.

TRI-STATE CONVENTION

In his address on management as the key to success, Mr. Brown urged canners to examine carefully such factors as waste, direct and indirect labor costs, overhead items, warehousing expense, damage in process or storage, and every other aspect of manufacturing costs, to ascertain that these are competitive with other canners of the same or competing product.

He cited an example of a common canned vegetable, packed in many localities across the country. "Acquisition cost as between different canners varies as much as 11 cents a case, direct labor 10 cents a case, and the pack-out by over five cases to the ton," he said. Citing a fruit item, he pointed out a difference in acquisition and direct labor costs of more than 12 cents a case and a pack-out variation as much as 11 cases to the ton between packers in the same general producing area.

"In this highly competitive industry no canner is in a position to find himself on the high side of such variations for very long," Mr. Brown stated. "Such differences cannot possibly be recaptured in the selling price, regardless of the reputation of the firm or the quality of acceptance of its product," he asserted.

"In the field of marketing or selling, successful management will develop a realistic marketing budget to forecast sales, keep sales records, and revise the forecast from time to time to keep it realistic," Mr. Brown said.

He placed the area of finance as even more important than cost and marketing control. "No matter how excellent the quality, how effective the

sales effort, how competitive manufacturing costs may be, if the operation cannot be financed properly, if the canner bites off more than he can chew, if he does not have the warehousing and credit facilities to permit orderly flow of goods into market, he will in the end be forced to sacrifice. Nothing is more tragic than to be faced with the necessity of selling goods at less than value or less than the market would justify, simply to meet next month's bills.

"You do not have to be a millionaire to operate a succesful canning business, provided you cut your coat to fit your cloth. Keep packs within your ability to finance. As funds build up, judicious division between new production and storage facilities and working capital must be maintained. Banks normally are eager to finance successful canners who by reason of conservative financial practices, good costs, successful sales experience keep their financial house in order. Many small canners have developed adequate finances over the years by just such a program. Always remember that the big canner was small at first."

These highlights of Mr. Brown's address were distributed by the N.C.A. Information Division in a special release to canning industry trade journals, and other portions of his address were highlighted in a press release to 233 Tri-State newspapers and 79 radio-TV stations in the Tri-State area.

NEW YORK STATE CONVENTION

Research does not necessarily involve a huge laboratory and a staff of white coated scientists, Mr. Brown told the New York State canners. Recalling that canned juices and baby foods were originated by small canners, he said, "Some place in the canning industry today, perhaps by companies represented in this very room, products are being developed which 10 or 20 years from now may represent tremendous volume."

Mr. Brown pointed out that public tastes change from time to time. "Are we flexible enough to anticipate changes and be ready for them when they occur?" he queried. "Are we sure we know exactly what the consumer desires in the way of canned foods, styles of pack, can sizes, and the like? Are the standards of grades we have established with the government too inflexible, and are they unduly concerned with technical perfection rather than consumer preference? Are we packing our products in can sizes that are suited to today's somewhat larger young families? Is it possible that there might be a profitable market in what some industries choose to call the 'giant, economy size' package?"

The speaker asserted that the changeover from the No. 2 to the No. 303 can, while probably unavoidable at the time, has made it necessary to make 20 percent more sales to move the same tonnage. He mentioned consumer surveys that have indicated preferences in certain areas and on certain products for No. 2 cans over No. 303's.

"It would appear that considerably more marketing research should be done in this field and over a much wider geographic area," he declared. "If we are going to ask grocers, whose shelves already are crowded with merchandise, to handle different or additional can sizes, we must prove the need by clear and convincing evidence."

"I presume that one of the reasons for the switch to 303's was to keep the shelf price low in the face of rising costs. Freezers did the same thing when they dropped from the 12-ounce to the 10-ounce size, and I noticed a 9-ounce package of frozen limas the other day. The law of diminishing returns has set in. The end of this road is already in sight. We cannot reduce the contents of our packages further without destroying our market. It seems to me that we must face up to the fact that we can no longer maintain our position by this method. In my judgment we ought to give serious consideration to reversing this trend."

These highlights of Mr. Brown's address were distributed by the Information Division in a release to the canning trade journals, and other portions of his address were highlighted in a press release to 278 newspapers and 145 radio-TV stations in New York State.

Indiana Canners Association

P. A. Schmith, Stokely-Van Camp, Inc., Tipton, was elected president of the Indiana Canners Association recently at the group's annual convention.

Kenneth W. Lucas, Indiana Packing Co., Royal Center, was elected vice president. Jack N. Rider of the Kenneth N. Rider Company, Trafalgar, was reelected treasurer, and Warren Spangle, Shelbyville, was reelected executive secretary.

Utah Canners Association

Wesley Jense of Pleasant Grove Canning Co., Pleasant Grove, was elected president of the Utah Canners Association recently at the group's annual meeting.

D. B. Stringham of Royal Canning Corp., Ogden, was elected vice president, and Harvey F. Cahill, Ogden, continues in office as secretary-treasurer.

Michigan Canners & Freezers

Howard C. McDonald, Oceana Canning Co., Shelby, was elected president of the Michigan Canners and Freezers Association recently at the group's fall meeting.

Robert L. Hutchinson, Michigan Fruit Canners, Inc., Fennville, was elected vice president, and Reed M. Roberts, Grand Rapids, was continued in office as secretary-treasurer.

Grades for Summer Squash

Notice is given in the *Federal Register* of December 3 that the Agricultural Marketing Service of USDA proposes to amend U. S. standards for grades of canned squash (summer-type).

The amendment would provide for a diced style of summer type squash, and would redefine the term "poorly cut" to include allowance for this style.

Written data, views or arguments in connection with the proposal may be submitted to the Fruit and Vegetable Division, Agricultural Marketing Service, USDA, Washington 25, D. C., by January 15.

Grades for Canned Hominy

Notice is given in the *Federal Register* of December 3 that the Agricultural Marketing Service of USDA proposes to issue U. S. standards for grades of canned hominy.

The proposal would provide for three styles of canned hominy, to be designated as Style I whole kernel, in a liquid packing medium and vacuum pack; Style II hominy grits, in a liquid packing medium and vacuum pack; and Style III hominy grits, jelled pack, in a jelled packing medium. The product would be packed from either white or golden (yellow) field corn.

The grade of the product would be determined by the evaluation of liquor

FDA Informal Statements of General Policy or Interpretation

Following are selected informal statements of general policy or interpretation issued by the FDA and published in the *Federal Register* of November 30:

TITLE 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

PART 3—STATEMENTS OF GENERAL POLICY OR INTERPRETATION

FORMAL AND INFORMAL STATEMENTS

Under the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 701 (a), 52 Stat. 1055; 21 U.S.C. 371 (a)), the Federal Caustic Poison Act (sec. 9 (c) (1), 44 Stat. 1409; 15 U.S.C. 409 (c) (1), the Federal Import Milk Act (sec. 3, 44 Stat. 1102, as amended; 21 U.S.C. 143), and the Tea Importation Act (sec. 10, 29 Stat. 607, as amended; 21 U.S.C. 50), and delegated to the Commissioner of Food and Drugs by the Secretary (22 F.R. 1045), the following additions and changes are made in Part 3—Statements of General Policy or Interpretation:

1. Part 3 is divided into two subparts. Subpart A, comprising §§3.1-3.200, will be entitled: Subpart A—Formal Statements of Policy or Interpretation.

2. A new Subpart B, comprising § 3.201 et seq. is added and will include informal statements of general policy or interpretation excerpted from letters written by responsible officials of the Food and Drug Administration to representatives of the affected industries and other persons, on subjects of general interest, and from other sources.

3. Under Subpart B—Informal Statements of General Policy or Interpretation, the following sections are added:

SUBPART B—INFORMAL STATEMENTS OF GENERAL POLICY OR INTERPRETATION

Sec.
3.201 Declaration of pyroligneous acid in food.
3.202 Labeling of kosher and kosher-style food.
3.203 Quaternary ammonium compounds in foods.
3.204 Sprout inhibitors; tolerances for residues in food.
3.205 Jams and jellies containing artificial sweeteners.
3.206 Whipped cream products containing flavoring or sweetening.
3.501 Disposition of outdated drugs.
3.502 Use of term "infant" in drug labeling.
3.503 Magnesium sulfate heptahydrate; label declaration on drug products.
3.504 Prescription legends on drugs intended for export.
3.505 Estradiol labeling.
3.506 Use of octadecylamine in steam lines of food and drug establishments.
3.700 Definition of ammonia under Federal Caustic Poison Act.

AUTHORITY: §§ 3.201 to 3.507 issued under sec. 701, 52 Stat. 1055, as amended; 21 U.S.C. 371. § 3.700 issued under sec. 9, 44 Stat. 1409; 15 U.S.C. 409. Statutory provisions interpreted or applied are cited to text in parentheses.

§ 3.201 *Declaration of pyroligneous acid in food.* Pyroligneous acid may be used in foods insofar as the Federal Food, Drug, and Cosmetic Act is concerned, if it is of a degree of purity suitable for food use and does not serve to conceal damage or inferiority, or to make the food appear better or of greater value than it is. If the food is one for which an identity standard has been promulgated, pyroligneous acid should not be used unless it is an ingredient provided for in the definition and standard of identity. When used, it should be declared as an artificial flavor by some such phrase as "pyroligneous acid, an artificial flavor," "pyroligneous acid, an artificial smoke flavor," or "artificially flavored with pyroligneous acid." There should be no representation in the labeling, either directly or implied, that a product flavored with pyroligneous acid has been smoked or has a true smoke flavor, nor should there be any representation in the labeling of a seasoning, sauce, or similar product containing pyroligneous acid and used to season or flavor other foods that their use will result in a smoked product or one having a true smoked flavor.

(Secs. 402, 403, 52 Stat. 1047, 1048; 21 U.S.C. 342, 343)

§ 3.202 *Labeling of kosher and kosher-style foods.* The term "kosher" should be used only on food products that meet certain religious dietary requirements. The precise significance of the phrase "kosher style" as applied to any particular product by the public has not been determined. There is a likelihood that the use of the term may cause the prospective purchaser to think that the product is "kosher." Accordingly, the Food and Drug Administration believes that use of the phrase should be discouraged on products that do not meet the religious dietary requirements.

(Sec. 403, 52 Stat. 1047; 21 U.S.C. 343)

§ 3.203. *Quaternary ammonium compounds in foods.* The Food and Drug Administration classifies quaternary ammonium compounds as poisonous and deleterious substances. Foods bearing or containing these substances will be considered adulterated within the meaning of the Federal Food, Drug, and Cosmetic Act.

(Sec. 402, 52 Stat. 1046; 21 U.S.C. 342)

§ 3.204 *Sprout inhibitors, tolerances for residues in food.* Sprout inhibitors are not classed as pesticides; therefore, tolerances for their residues in or on raw agricultural commodities cannot be established under section 408 (the pesticide amendment) of the Federal Food, Drug, and Cosmetic Act; however, if the residues are poisonous or deleterious, tolerances for them in food might be established under section 406 (a) of the act, if it can be established that they are required in production.

(Secs. 406, 408, 52 Stat. 1049, 68 Stat. 511; 21 U.S.C. 346, 346(a))

§ 3.205 *Jams and jellies containing artificial sweeteners.* Sugar is one of the basic ingredients of jam and jelly. Its presence in these foods is required by the standards of identity for the products. An artificially sweetened jam or jelly must be labeled as an imitation, even though the fruit or fruit juice content equals or exceeds that of the standardized article.

(Secs. 401, 402, 403, 52 Stat. 1046, 1048; 21 U.S.C. 341, 342, 343)

* * *

§ 3.506 *Use of octadecylamine in steam lines of food and drug establishments.* (a) Octadecylamine is classed as a poisonous and deleterious substance; therefore, it may not be used in the steam lines of steam that may be incorporated into food products unless it can be established that it is required in the production of the food and a tolerance is established for the amount that would be safe for such use.

(b) The Food and Drug Administration will not object to the use of octadecylamine in steam lines where the steam may be used for autoclaving surgical instruments and gauze if the octadecylamine in the steam is not more than 2.4 parts per million.

(Secs. 406, 502, 52 Stat. 1049, 1051; 21 U.S.C. 346, 352)

* * *

(Sec. 701, 52 Stat. 1055; 21 U.S.C. 371; sec. 3, 44 Stat. 1102; 21 U.S.C. 143; sec. 9, 44 Stat. 1409; 15 U.S.C. 409)

Dated: November 22, 1957.

[SEAL] JOHN L. HARVEY,
Deputy Commissioner of Food and Drugs.

(except Style III, jelled pack), color, defects, and character.

Drained weight recommendations for Style I and Style II are given for the various sizes of containers in general use. The method of making drained weight determinations provides for averaging the drained weights of all of the containers in the sample.

Two grades would be provided—U. S. Grade A (Fancy) and U. S. Grade C (Standard)—in addition to Substandard.

Written data, views, or arguments in connection with the proposal for canned hominy grades may be submitted to the Fruit and Vegetable Division, Agricultural Marketing Service, USDA, Washington 25, D. C., by January 15.

World Trade Committee

Two canning firms are represented on a 60-man World Trade Advisory Committee appointed by the Secretary of Commerce to advise in formulating policies and programs promoting international trade, travel, and investment.

In announcing formation of the Committee, Secretary Weeks said that the Department will meet periodically with the Committee to "obtain as full knowledge as possible of the interests, needs, and views of the U. S. foreign trade community" and to have "their assistance in determining how the Department's foreign trade responsibilities can best be carried out."

The announcement said that the Committee is comprised of 60 prominent American executives representing large and small business and industrial firms having interest in foreign trade. The canners on the Committee are Percy H. Fish, director of foreign operations, California Packing Corp., and W. B. Murphy, president, Campbell Soup Company.

The President assigned to the Secretary of Commerce on November 25 new responsibilities for managing the government's reciprocal trade program (see INFORMATION LETTER of Nov. 30, page 349).

Canned Foods in Civil Defense

The performance of canned foods under nuclear blast conditions was demonstrated to 60 members of the staff of Federal Civil Defense Administration Region No. 2, on December 2 at the Olney, Md., Facility. The color slide presentation of the canned foods tests held in Nevada in 1955, prepared by the N.C.A. Laboratories and the Information Division, was shown at the regular monthly meeting of the group. Sound track for the presentation had been brought up to date to conform to the findings in the final official report issued in August (see INFORMATION LETTER of Aug. 3, page 263).

Following the showing Nelson H. Budd, Information Director, answered questions on the tests and on recommendations civil defense workers should make to householders preparing emergency food supplies. Acting Director J. N. Bailey of the Olney Regional Office reported that a portable display of the canned foods nuclear tests, which N.C.A. had assisted FCDA in building, has been shown in recent months at about 10 county fairs in Region 2.

Forthcoming Meetings

Dec. 9-10—Ohio Canners Association, 50th Annual Convention, Neil House, Columbus

Dec. 9-10—Ontario Food Processors Association, Annual Meeting, Royal York Hotel, Toronto, Ont.

Dec. 14—National Food Sales Conference, National Food Brokers Association, The Conrad Hilton, Chicago

Jan. 6-8—Northwest Canners and Freezers Association, Annual Convention, Olympic Hotel, Seattle

Jan. 7-9—Ontario Food Processors Association, Fieldmen's Conference, Agricultural College, Guelph

Jan. 8-10—Illinois Canners Association, Canners School, University of Illinois and Urbana-Lincoln Hotel, Urbana

Jan. 9-10—Canners League of California, 55th Annual Fruit and Vegetable Sample Cuttings, Fairmont Hotel, San Francisco

Jan. 17-18—National Preservers Association, Annual Meeting, Atlantic City, N. J.

Jan. 20-23—NATIONAL CANNERS ASSOCIATION and Canning Machinery and Supplies Association, 51st Annual Convention, Atlantic City, N. J.

Jan. 27-29—Canadian Food Processors Association, Annual Convention, Seigniory Club, Montebello, P. Q.

Jan. 29-30—NATIONAL CANNERS ASSOCIATION, Statistical Quality Control School, Berkeley Laboratory

Jan. 29-30—Wisconsin Canners Association, Raw Products Conference, Babcock Hall, University of Wisconsin, Madison

Feb. 5-6—Minnesota Canners and Freezers Association, 11th Annual Canners and Fieldmen's Short Course, Radisson Hotel, Minneapolis

Feb. 10-11—Michigan Canners and Freezers Association, Conference for Fieldmen and Processors, Kellogg Center, Michigan State University, East Lansing

Feb. 11-13—New York State Canners and Freezers Association, Canners School, Agricultural Experiment Station, Geneva

Feb. 24—Indiana Canners Association, Canners', Fieldmen's and Growers' School, Purdue University, Lafayette

Feb. 28-March 1—Virginia Canners Association, 50th Annual Meeting, Hotel Roanoke, Roanoke

March 2-6—National Association of Frozen Food Packers, Annual Convention, The Conrad Hilton, Chicago

March 6-7—Pennsylvania Canners Association, Fieldmen's Conference and Canners' Workshop, Allenberry Lodge, Boiling Springs

March 9-12—National-American Wholesale Grocers Association, 52d Annual Meeting, Palmer House, Chicago

March 13-14—Tri-State Packers Association, Spring Meeting, The Shelburne, Atlantic City, N. J.

March 21-22—Utah Canners Association, 46th Annual Convention, Hotel Utah, Salt Lake City

March 24-25—Canners League of California, 54th Annual Meeting, Santa Barbara Biltmore, Santa Barbara

March 26-27—Wisconsin Canners Association, Spring Meeting, Madison

April 20-23—U. S. Wholesale Grocers Association, Grocery Distribution Exposition, Kiel Auditorium, St. Louis

April 27-30—Chamber of Commerce of the U. S., 44th Annual Meeting, Washington, D. C.

May 5-7—Purdue Industrial Waste Conference, Purdue Memorial Union Bldg., Lafayette, Ind.

May 5-9—National Restaurant Association, 39th Annual Convention and Exposition, Chicago

May 11-14—Processed Apples Institute, 7th Annual Meeting, Seaview Country Club, Absecon, N. J.

May 25-28—Super Market Institute, 21st Annual Convention, Atlantic City, N. J.

June 8-12—National Association of Retail Grocers, 59th Annual Convention, New York

June 8-9—Michigan Canners and Freezers Association, Spring Meeting, Park Place Hotel, Traverse City

Oct. 16-18—Florida Canners Association, 27th Annual Convention, Americana Hotel, Bal Harbour

Nov. 19—Wisconsin Canners Association, Annual Convention, Schroeder Hotel, Milwaukee

Nov. 24-25—Michigan Canners and Freezers Association, Fall Meeting, Pantlind Hotel, Grand Rapids

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